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upon mutual respect and understanding between the English-speaking peoples. We are at once very similar and very dissimilar, but in our ultimate ideals of democratic government, of world peace and international justice, we are in essence identical. It surely should be more easy for us to co-operate than for any other pair of great peoples. But, though it would be a great end, I would not seek Anglo-American friendship and co-operation as an end in itself, but rather as a means to that greater end, the frank and friendly co-operation of all the free peoples of the earth.

Mr. Chairman and gentlemen, I thank you for the great honor you have done me this evening. I thank you for giving me this opportunity to speak to you a second time, at the end of two years, and I thank you, too, for the good, the great work that the Pilgrims Society of New York has done to foster Anglo-American understanding alike when the weather seemed squally and now when it seems set fair.

RECENT DEVELOPMENTS IN CO-OPERATION IN RUSSIA

In the May 8 issue of *Commerce Reports*, the weekly survey of foreign trade, published by the Department of Commerce, L. J. Lewery has an informative article on the decay and revival of co-operative effort among the Russian peasants under the Soviet régime. The article follows:

The agricultural co-operative unions were probably the most potent and universally ramified factor of rural economic life in pre-war Russia. They were rapidly consolidating the interests of the entire agricultural population of the country, and, through organizing production and selling, they were gradually doing away with the greatest handicap of the Russian peasantry—the small local middlemen, who stood between the peasants and efficient farm management.

Classified by the nature of their functions, the co-operative associations, as they existed before the Bolshevik régime, were divided into three basic forms:

(1) Consumers' or purchasing co-operatives, which maintained stores and supplied all sorts of goods for the current needs of the peasantry. Their operations developed rapidly after 1910. From 393 local organizations in 1910, with a turnover of 2½ million gold rubles, their number grew to 1,713 in 1915, with a turnover of 22 million rubles. At the present time, with compulsory or automatic membership of the whole population, introduced by the Soviet Government, the number of local organizations exceeds 17,000.

(2) Credit co-operatives, built up by the more prosperous and well-to-do classes of the peasantry. These were financed by the State and by private banks, and issued loans to individual peasant homesteads for specific economic objects, such as purchase of implements, seed, fertilizer, etc. There were more than 14,000 local credit associations and about 200 unions of these associations, the network covering the entire country.

(3) Producing co-operatives, represented chiefly by a strong group movement in the dairy domain and in the potato-starch trade. The Siberian Union of Dairymen, one of the greatest unions in Russia, was adversely affected by the war and was abolished by the Soviet Government, but was re-established toward the end of 1921.

The three groups of co-operatives worked hand in hand and were represented on the central board of the co-operative unions, which was known as the "Centrosoyus." They had several provincial banks and one great bank at Moscow—the Moscow Narodny Bank. Their indebtedness to the State and private banks was wiped out before the war and they accumulated substantial reserve funds, which were taken over by the Soviet Government and which depreciated together with Soviet currency.

SOVIET POLICY TOWARDS CO-OPERATIVE ASSOCIATIONS

The Soviet authorities attempted to nationalize the co-operative associations and convert their free business activities into those of a governmental institution. By the decree

of March, 1919, all citizens of Soviet Russia were assigned to local territorial branches of the co-operative unions and all the officials of the organizations were appointed by the government. By a subsequent decree of January, 1920, the Soviets merged all the various kinds of co-operative unions by making of them all sections of the consumers' co-operatives; in other words, the problems of production, amelioration, and credit were subordinated to those of consumption. These measures led to the whole co-operative movement falling into complete decay. The peasantry lost confidence and interest in their local unions, since these became to them Soviet Government organs pure and simple. In March, 1921, Lenin publicly admitted the error of the Soviet policy toward the co-operatives and shortly after that there was issued the decree of April 7, which largely restored the elective principle in the management of the unions. Likewise the old ramifications of credit and ameliorative unions were brought back to life. The membership, however, still remains automatic for all citizens, and the branches are framed along territorial lines.

The representatives of the old Centrosoyus abroad at first refused to recognize the central board in Russia as reorganized by the Soviets. The former controlled considerable stores of all sorts of merchandise in Europe and America and funds deposited in London and New York branches of the Narodny Bank. The International Co-operative Association likewise would not deal with the new central board, but recognized only the representatives of the old Centrosoyus.

AGREEMENT BETWEEN NEW AND OLD CENTROSOYUS

In view of the emancipation of the co-operative unions from government control by the decree of April 7, 1921, an agreement was reached in Berlin in January, 1922, between the old representatives of the Centrosoyus and the delegation sent there by the newly elected central board at Moscow, which board included practically all the leaders of the co-operative movement who had been removed by the Soviet authorities in 1919. By virtue of this agreement the representatives of the old Centrosoyus transferred all the assets and liabilities of all the foreign organizations formerly controlled by that organization to the new Moscow Centrosoyus, which henceforward will be the one and only organization in the field. They relinquished the right to represent the Russian Central Union of Co-operatives abroad, and published a proclamation to all co-operative workers in Russia, as well as abroad, to place no obstacles in the way of the work and future development of the Centrosoyus. Part of the stores they had held abroad, to the amount of £200,000 sterling, are already on their way to Russia. Negotiations are now in progress regarding the stores held in New York to the value of \$700,000.

The reorganized Centrosoyus will operate independently of the London branch of the former government-controlled Central Co-operative Union as organized by Krassin—the "Arcos" (Ltd.).

There is some divergence of opinion between the former representatives of the co-operatives abroad as to the extent to which the present Centrosoyus is or is not controlled by the Soviet Government. These representatives, while surrendering their authority, stores, and funds, have in general declined to transfer their services or to pledge their allegiance to the reorganized Moscow Centrosoyus, because they do not believe in the principle of compulsory membership and certain other features of the administrative régime retained from the period of complete Soviet control. Others, and among them the vice-president of the old central board, believe that every possibility now exists to mold the activities of the organization, and that the time has arrived for them to join forces with the new Centrosoyus.

The International Co-operative Association has recognized the new Centrosoyus at the Brussels conference, and its delegation has arrived at Moscow, together with a delegation of the largest co-operative in the world, the English Society for Wholesale Purchase, of Manchester, which will take up the question of opening credits to the new Centrosoyus. It is reported that the German Nord-Ost Co. closed a contract with the Moscow Centrosoyus, on the strength of which the latter will be extended a credit in goods to the amount of 500 million marks. The Centrosoyus will pay in Russian raw materials.